

**Remarks of Commissioner Deborah Taylor Tate to the  
8<sup>th</sup> Annual Arbitron Urban Directors' Clinic  
February 29, 2008**

It is an honor to be here this morning at the 8<sup>th</sup> Annual Urban Program Directors Clinic. First, I want to thank Julian Davis for organizing this event. I also want to thank Tracey Dickerson, Stacie de Aramas, and Bill Rose for their continued leadership. While most of you are focused specifically on the urban radio market, it is crucial that you stay abreast of what is going on in the overall radio and broadcast industries. I appreciate your foresight in inviting me here today so that we can discuss both your industry and the broader Communications landscape in this time of media convergence and innovation. I hope to share with you a little of what is happening at the FCC, and how it impacts each of you.

In today's convergent mass media ecosystem, change and innovation in any particular platform or industry will invariably have a ripple effect on others. It can be difficult to keep your eyes on everything that is going on in the Communications industry – indeed, this is one of my great challenges as a regulator – so forums like this that facilitate dialogue and information-sharing are crucial.

**I. How the FCC works**

Several individuals suggested that since you all do not work regularly with the FCC, it might be helpful to give you a very brief overview of the agency. First I didn't realize until I became a Commissioner that we literally touch every citizen-every one of you-every day. From the moment you turn on the TV or radio, to your garage door opener, to making that

first call on your cell phone, to some of the technology in your car or that satellite radio that I won't bother to mention.

The Commission is comprised of dozens of Offices and Bureaus—from Media to International to Wireless to Homeland Security—which generate orders and in some cases may even render decisions that are then presented to the Commissioners for a vote. It's simple majority rule, so three votes are required to approve an item. These items are often extremely lengthy—for example, our most recent rulemaking on the DTV transition was 134 pages of highly-technical guidelines for the construction of broadcasters' digital antennas and facilities or our order on the 700 MHz auction which was 312 pages—others often involve the orbits of satellites or spectrum allocation, and many of these issues are politically charged. I often wonder if the FCC was always on the front page or if I just started noticing when I became a Commissioner? Despite these challenges, I am honored to have the opportunity to serve on the Commission during this incredibly explosive and revolutionary time in our nation's history.

## **II. DTV Transition**

Given the pervasive impact of media on our lives-- and especially our children's lives-- I have tried to be a voice for families and children, and thus much of my work since arriving at the Commission has focused on issues related to broadcasting— whether more positive, family-friendly programming, or child online safety regarding the internet and the dangers it poses to our children, as well as encouraging content creators to reduce the level of violence

in programming targeting our children. I was instrumental in leading a joint task force on childhood obesity with the FCC and several members of Congress. As a result of our efforts, both food companies and media companies have come forward with some positive steps. Given that there are 10 million obese children in the U.S., and given that minorities are affected disproportionately by this disease, I urge all of you to use your influence to encourage healthy foods and active lifestyles for children---from encouraging your advertisers to showcase healthy products to educating your listeners about the problem and ways to live healthier lifestyles.

In addition to my focus on children, I, like everyone at the FCC, am heavily focused on the DTV Transition which will take place on February 17, 2009—just 354 days from today! The transition from analog to digital broadcasting is an enormous undertaking for the television industry---and certainly affects all of us--- but I believe it holds unlimited possibilities for America. With the spectrum that will be available after February 2009, we will not only have spectacular new viewing capabilities and improved sound fidelity, greater access to video over mobile devices, additional broadband connections via wireless providers, but most importantly, the potential for improved communication between emergency responders in times of crisis.

Most if not all of you here today are focused on the radio industry, which is dealing with the transition to digital on a different schedule than television broadcasters. However, as consumers I urge you to visit [www.dtv.gov](http://www.dtv.gov) to find out how this affects you as a consumer,

whether you need a converter box and how to apply for the 40\$ coupon. You can do a tremendous service to your listeners by helping us get the word out, by having guests on to discuss the dtv transition and linking to us from your websites. The issues radio broadcasters face are similar to television, however, and the benefits we hope to see radio experience from the transition are just as great. Nationally, over 1300 AM/FM stations have upgraded to HD radio technology, with over 600 FM stations also offering new, HD radio-only “multicast” channels. HD Radio stations offer not only crystal-clear sound quality, but also data, such as the song artist and title scrolling across your radio screen.

### White Spaces

You have probably been reading about another issue we are currently considering that affects broadcasters: whether and how to allow use of white spaces—the unused portion of the spectrum around the TV channels— for new types of fixed or mobile devices. A second round of tests are underway and I will actually be heading over to the FCC lab after I leave you all today, to get an update on the status of this testing.

### **III. Localism Order**

Many of you are also likely aware of the localism proceeding the Commission completed in December. That proceeding began in August of 2003, long before I arrived at the Commission, and entailed a series of hearings all across the country, in which we heard from local broadcasters, professors, public interest groups, individual citizens, and even Reverend Jesse Jackson, who testified at our hearing at the Commission last October. Based

on the volume and nature of the public comments we received, the Commission issued a Notice, seeking written comment on issues such as the guidelines for station announcements when a license is being considered for renewal, and whether the Commission should expedite the consideration of license renewals for stations that have demonstrated outstanding localism. I have been in meetings just this week with small radio stations to hear how these proposals would impact their business, and the many ways they are already accomplishing the goals of localism. I welcome your insights as well.

#### **IV. Minority Ownership**

One of the Commission's top priorities---and especially mine as the only female Commissioner-- will continue to be an increase in minority participation in the media arena. Promoting diversity at all levels of the media and telecommunications industries continues to be one of my primary goals. This means not only in terms of the number of voices, but also voices that represent *all Americans*. In order to develop a solution, we must first analyze the scope of the problem. The numbers speak for themselves. Minorities own only 3% of all broadcast television stations and 7.7% of radio stations. More specifically, African Americans own only 1.3% of all broadcast stations nationwide, though they comprise 13% of the population. Hispanics comprise 14% of the population, but only own a total of 15 stations, or barely over 1%. Asians comprise 4% of the population, but only own 6 stations, or 0.44% of total stations.

During our media ownership and localism hearings across the country over the past four years, it became very clear that there are three primary hurdles minorities face in becoming owners and managers: lack of access to financing, both capital and debt; lack of access to spectrum; and lack of access to opportunity. I believe that the resource-sharing that comes with corporate media partnerships can often help solve these problems.

I want to share a few positive examples of this. Consider Melody Spann-Cooper, President of Chicago's only African-American owned radio station, WVON, which I visited while in Chicago for our media ownership hearing. While some people use Clear Channel as the prime example of the evils of media consolidation, it is as a result of a deal struck with Clear Channel that WVON has been enabled to broadcast 24 hours a day, providing important news coverage for the local African American community. As Ms. Spann-Cooper said, "Before my signal was 1,000 watts and probably went to 130 miles on a good day. Now, my signal is 10,000 watts and will take you all the way to Minnesota." Shouldn't we encourage this access to the airwaves? I think Melody would say yes. Under her leadership, WVON's revenues have grown from \$700,000 in 1994 to \$2.4 million in 2002. She has been recognized by the *Chicago Sun-Times* as one of the "ten most powerful women in media."

This is just one of the many success stories I have heard over the past two years.

Consider also Kathy Hughes, founder of Radio One, the largest African American owned broadcast company in the nation, which reaches over 18 million listeners daily. And then there is Susan Davenport Austin, Vice President and Treasurer of Sheridan Broadcasting Corporation, which manages American Urban Radio networks, the only African-American

owned national radio network, with over 400 affiliates across the country. And Charles Warfield, President and Chief Operating Officer of Inner City Broadcasting Corporation, owner of eighteen urban-formatted stations in seven markets—from New York City to Columbia, South Carolina. Mr. Warfield is on the Board of Directors for the National Association of Broadcasters. These are the success stories we must pattern our efforts after.

In December, the Commission adopted over a dozen proposals drafted by the FCC's Diversity Committee, the National Association of Black-Owned broadcasters, and the Minority Media and Telecommunications Council to improve minority involvement in the media industry. Among those proposals was a prohibition on "No Urban/No Spanish" clauses in advertising contracts. Reports showed that these clauses were intended to minimize the proportion of African Americans and Hispanic Americans patronizing an advertiser's venue. This was an important addition to our rules. I will continue to support such efforts to end discrimination in the media industry, so that we can achieve a level of diversity that reflects all of America.

## **V. Advertising**

Now turning to the true intersection of my work and yours-- advertising. Two weeks ago, I spoke to the Association of National Advertisers at their annual Advertising Law and Business Affairs Conference in New York City. I told them, as I tell you today, the advertising industry is truly at the vanguard of a technological revolution. As more and more content is delivered online and via mobile devices, advertisers must respond. The theme of

this year's ANA conference was "Avoiding the Fate of the Dinosaurs in a Time of Media Convergence"—it could not be more appropriate.

Advertising must adapt as content shifts to the Internet. One researcher recently reported that in December 2007 a record 10 billion videos were viewed online. Another report estimates that the amount of information transmitted across the Internet in the U.S. will be 50 times larger by 2015, equal to 50 million Libraries of Congress. Internet advertising revenue has risen from less than \$1 billion in 1997 to \$16.9 billion in 2006-- and it's projected to reach \$27.5 billion in 2008. Over the past four years, Internet advertising has grown between 20-34% each year, while tv and radio have remained virtually unchanged and newspaper ad dollars have in fact declined. Internet advertising is now a multibillion dollar a year business, and it's not just national advertisers that are sharing in the profits. Local advertisers are turning to the Internet as well. As Analyst Gordon Burrell recently pointed out, "There is tremendous growth in local online advertising, whether web advertising or search advertising. In 2007, \$8.7 billion was spent by local advertisers."

Advertising must go mobile. As CBS executive Cyriac Roeding said recently, mobile is the only medium that people carry with them 18 hours a day—in my case, make that 24 hours a day! He noted that CBS Mobile's sports section drew 75 million mobile page views and 5 million unique visitors during the fourth quarter of 2007. As NBC's President for Integrated Media, Beth Comstock, puts it, "Video has been liberated" from the television set. We are seeing more and more content delivered via mobile devices. Not only do mobile



devices allow for round-the-clock access to consumers, they also serve as a direct-response medium. Virgin Mobile USA reports that branded content on Virgin Mobile targeted to its core audience of teens and twenty-somethings generates click-through rates of 6%-- much higher than rates for typical Web banner ads.

We are beginning to see where advertising is going with last week's announcement by CBS that they will begin the first serious experiments with mobile phone ads customized to a consumer's specific location. The CEO Loopt, CBS's partner in this project, predicts that by the end of 2008, 50 million mobile phones in the U.S. will be able to receive location-based ads.

Just this week an article in *TV Week* reported that mobile video ads generate more than four times the click-through rate of direct-response ads. As a result, ad spending in the mobile medium should reach \$1.6 billion this year and jump to \$4.8 billion in 2011. Most of this year's expenditures will be on text-message marketing, though it's expected that mobile video ads will also be on the rise.

I see these new technologies impacting your industry in terms of competition for your services-- which I know is already growing! New technologies hold the promise of providing more precise measurements of the "eyeballs" advertisements attract – better measures to see exactly ads create value. As I told the advertisers in New York last week, rather than having a negative impact, I think convergence can have a profoundly positive impact- for those ready and willing to be cross-platform, multi-faceted innovators. The

challenge for each of you is to be the best source of information about what viewers and listeners are seeing and hearing. As these technologies develop and advertising becomes more personal, I believe you will be able to give advertisers an even greater measure of their audience size and characteristics.

And, for local radio broadcasters --who know your audience and your audience knows you; you text them, ask them to vote on issues, interact with them on your website---you can provide information for your particular audience and then seek advertisers who see the value in the relationship you have built.

## **VI. Urban Programming**

How do all of these developments impact your key constituencies? According to Arbitron's website, African Americans share of daily time spent with radio is 30 percent - more than with any other form of popular media including cable or satellite programming or broadcast TV. And of that time, over 80% is with urban radio. Thus, you have an even greater opportunity to provide urban broadcasters, and in turn advertisers, with the critical data necessary to make informed decisions about programming and advertising.

## **VII. Conclusion**

In conclusion, I want to thank you all for taking the proactive step of coming here today to learn more about where urban radio is going in the future, and how you can best serve that important audience. My door at the FCC is always open to you, and I hope you

will never hesitate to share your insights and ideas with me as we move forward in this period of explosive, technological innovation. Thank you.